

TAXABLE VS. TAX-ADVANTAGED SAVINGS

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INTRODUCTION

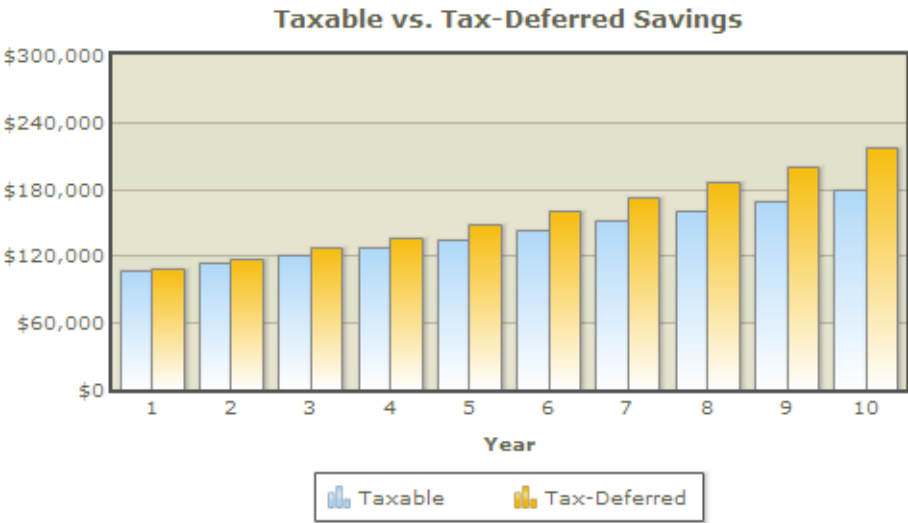
Tax-deferral can have a dramatic effect on the growth of an investment. Use this calculator to determine the future value of an investment being subject to income tax each year versus deferring the tax until withdrawal.

SUMMARY OF INPUT

Starting balance	\$100,000
Number of years for the analysis	10
Annual rate of return	8.00%
Tax rate	25.00%

ANALYSIS

It appears that by saving in a tax-deferred vehicle you would accumulate \$215,892 (\$186,919 after taxes on the earnings) vs. \$179,085 in a taxable savings account.



Year	Taxable				Tax-Deferred		
	Beginning Balance	Return @ 8.00%	Taxes @ 25.00%	Ending Balance	Beginning Balance	Return @ 8.00%	Ending Balance
1	\$100,000	\$8,000	\$2,000	\$106,000	\$100,000	\$8,000	\$108,000

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2	106,000	8,480	2,120	112,360	108,000	8,640	116,640
3	112,360	8,989	2,247	119,102	116,640	9,331	125,971
4	119,102	9,528	2,382	126,248	125,971	10,078	136,049
5	126,248	10,100	2,525	133,823	136,049	10,884	146,933
6	133,823	10,706	2,676	141,852	146,933	11,755	158,687
7	141,852	11,348	2,837	150,363	158,687	12,695	171,382
8	150,363	12,029	3,007	159,385	171,382	13,711	185,093
9	159,385	12,751	3,188	168,948	185,093	14,807	199,900
10	168,948	13,516	3,379	179,085	199,900	15,992	215,892

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